



FOX BROADCASTING COMPANY
A DIVISION OF TWENTY CENTURY FOX

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Preston Padden
President
Network Distribution

February 27, 1996

RECEIVED

FEB 27 1996

VIA HAND DELIVERY

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

William Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW - Room 222
Washington, DC 20554

**Re: Ex Parte Presentation
MM Docket 94-150**

Dear Sir:

As required by Section 1.1206 of the Rules, please find attached for inclusion in the public records two copies of an ex parte presentation to Commissioner Ness in the pending rulemaking concerning attribution of broadcast interests.

Very truly yours,

Preston R. Padden

PRP:g
Attachments

No. of Copies rec'd 0 of 7
List ABCDE



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1919 M STREET, N.W. - ROOM 832
WASHINGTON, D.C. 20554

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The Honorable Susan Ness
Commissioner
Federal Communications Commission
1919 M Street, NW - Room 832
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Dear Commissioner Ness:

In your February 16, 1996 speech to the Oklahoma Broadcasters Association, you stated that you "would prefer to raise ownership limits directly, rather than allowing them to be circumvented through various kinds of non-attributable 'alliances.'" The implication of this sentence is that non-attributable ownership interests have as their purpose circumvention of the Commission's ownership rules, as opposed to legitimate business objectives.

Because you have expressed similar concerns in connection with several recent transactions approved by the Commission, including FOX's passive investment in the four SF Broadcasting stations, we thought it would be helpful to you if we pointed out the practical realities of FOX's relationship with SF Broadcasting. The fact is that our investment confers on us neither control nor indeed even meaningful influence.

First, on the day following the Commission's approval of the WLUK-TV, Green Bay, WI, transfer to SF Broadcasting of Wisconsin, Inc., FOX was forced by the Savoy principals to accept numerous changes in our customary form of affiliation agreement as a condition of closing the transaction. A close comparison of the WLUK-TV affiliation agreement and other FOX affiliation agreements on file with the Commission will demonstrate that FOX has less -- rather than more -- network influence over WLUK-TV as compared to FOX affiliates in which we have no investment. By the way, the same is true with regard to the New World stations in which FOX also has a passive non-attributable interest.

But, the most compelling proof of our non-control and non-influence with regard to the SF Broadcasting stations was presented by the transfer of control of the Savoy parent entity. On Monday morning, November 27, 1995, I walked to the end of my

The Honorable Susan Ness

February 27, 1996

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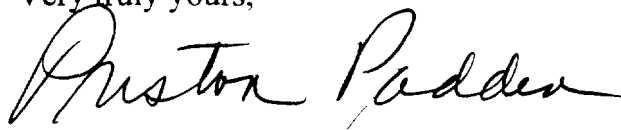
driveway at 6:00AM and picked up *The Wall Street Journal* and the *New York Times*. Sitting down with my coffee, I read that the Savoy parent entity had been sold to Barry Diller's Silver King Communications, Inc. Now, Mr. Diller's contributions to FOX and our respect and admiration for him are well known. However, he is currently in the process of building television enterprises intended to be competitive with FOX. If we were in a position to control, or even have influence over, the SF stations, we would not have chosen a competitive business entity to acquire ownership control. Even more compelling proof of our lack of control or influence was the fact that we first learned of this transaction when it was reported in the newspaper. Without meaning to put too fine a point on it -- this company, which NBC claimed to be a rule circumventing surrogate for FOX, was sold to a competitor of ours and (1) we did not control the sale; (2) we were not consulted about the sale; and (3) we were not told about the sale.

As we have explained to you before, FOX's minority non-voting investments in SF, New World and Blackstar were driven by one factor alone -- the provision in our affiliation agreements which allows us to upgrade our distribution system -- a provision that was the product of negotiations with our affiliates several years ago in reliance on well-established Commission rules and precedent. Yet, based on the grouching of certain of our competitors who have achieved similar long-term affiliation arrangements through massive payments to their affiliates, you have questioned and imposed conditions on numerous legitimate business transactions. Furthermore, although you have made a distinction between local and national restrictions -- indicating that your concern flows from the "diversity issues [that] arise more in the local marketplace" -- you expressed concern with the SF Broadcasting and Blackstar transactions notwithstanding the fact that FOX has no other ownership interest whatsoever in any of the SF or Blackstar markets.

It is our fervent hope that these facts will bear more heavily on your deliberations than will the scurrilous innuendo from our competitors.

We look forward to having the opportunity to discuss these matters further.

Very truly yours,

A handwritten signature in black ink, appearing to read "Preston Padden", written in a cursive, flowing style.

Preston R. Padden